



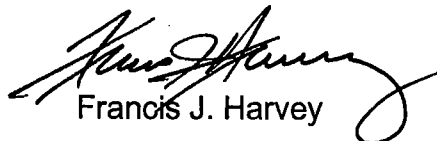
SECRETARY OF THE ARMY
WASHINGTON

07 JAN 2005

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Accounting for Contract Services

1. The Department of Defense Business Initiative Council (BIC) has sponsored an Army initiative to obtain better visibility of the contractor service workforce. Pursuant to this initiative, I am asking for your support in obtaining this information from contractors supporting the Army.
2. We must improve visibility of the entire workforce supporting the Army mission. This initiative is a first step in our plan to program and document contractor support in The Army Authorization Documentation System, The Structure and Manpower Allocation System, and the Civilian Manpower Integrated Costing System in time for use in Total Army Analysis 13.
3. Army Requiring Activities are defined as the organizational units that submit a written requirement or statement of need for services that are to be satisfied by a contract. Army Requiring Activities and their supporting contracting offices should include the reporting requirement defined on the enclosure as a deliverable in all new contract actions beginning 60 days from the date of this memorandum. This will ensure that contractors will be paid the fair and reasonable costs associated with providing the data. This approach will also provide the Army full visibility into the costs of obtaining the data.
4. Including the reporting requirement as a line item in contracts is a responsibility of Army Requiring Activities that will be monitored by Army administrative contracting officers. Ensuring that contractors report the required information is the responsibility of officials certifying payment to a contractor, such as Contracting Officer Representatives.
5. Guidance which more specifically defines the information requirements for Army Requiring Activities and implementing guidance for the contracting workforce will be provided under separate cover from the Assistant Secretary of the Army (Manpower and Reserve Affairs) and the Assistant Secretary of the Army (Acquisition, Logistics and Technology).


Francis J. Harvey

Encl
as

SUBJECT: Accounting for Contract Services

DISTRIBUTION:

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DIRECTOR, ARMY CONTRACTING ACTIVITY

CF:

ARMY CONTRACTING ACTIVITY
DEFENSE CONTRACT MANAGEMENT AGENCY



DEPARTMENT OF THE ARMY
WASHINGTON DC 20310

November 22, 2004

MEMORANDUM FOR THE SECRETARY OF THE ARMY

SUBJECT: Accounting for Contract Services — ACTION MEMORANDUM

Purpose: To obtain SECARMY signature on a memorandum to implement a Business Initiative Council initiative to improve the visibility of the contract work force in support of Army missions. Representatives in the offices of the Under Secretary of Defense (Personnel and Readiness) and Under Secretary of Defense (Acquisition, Technology & Logistics) support the initiative, and Office of Management and Budget representatives approved it.

Discussion:

The initiative is the only process that would capture information on funding source, contracting vehicle, organization supported, mission and function performed, and labor hours and costs for contracted efforts. Existing financial management and procurement systems do not clearly distinguish between goods and services, nor do they identify the organization for which the work is being performed.

This initiative will enable us to (a) fully understand the composition of the total Army workforce – military, civilian, and contractor, and allow for more informed workforce staffing and funding decisions; (b) provide better oversight of our workforce, avoid duplication of effort, or shifting of in-house reductions to contract; (c) ensure the Army is getting full value from our contractor workforce; and (d) better account for and explain our total Army workforce.

Recommendation: That the SECARMY sign the memorandum at Tab 1.

RICHARD A. CODY
General, United States Army
Vice Chief of Staff

Reginald J. Brown
Assistant Secretary of the Army
(Manpower and Reserve Affairs)

Valerie L. Baldwin
Assistant Secretary of the Army
(Financial Management and Comptroller)

Claude M. Bolton, Jr.
Assistant Secretary of the Army
(Acquisition, Logistics and Technology)

Enclosure

GUIDANCE FOR ACCOUNTING FOR CONTRACT SUPPORT

REQUIREMENT: Army organizations acquiring contracted services shall include in newly issued contracts, task/delivery orders and bi-laterally modified contracts the requirement to report the following contract-related information upon award or modification, and annually thereafter for the duration of the contract, to the secure web site at: <https://cmra.army.mil>. Contractors and Contracting Officer Technical Representatives may report the data to the above web site. The information to be reported is as follows:

1. Contracting Office, Contracting Officer, Contracting Officer's Technical Representative.
2. Contract number, including task and delivery order number;
3. Beginning and ending dates covered by reporting period;
4. Contractor name, address, phone number, e-mail address, identity of contractor employee entering data;
5. Estimated direct labor hours (including sub-contractors);
6. Estimated direct labor dollars (including sub-contractors);
7. Total payments (including sub-contractors);
8. Predominant Federal Service Code (FSC) reflecting services provided by contractor (and separate predominant FSC for each sub-contractor if different);
9. Estimated data collection cost;
10. Organizational title associated with the Unit Identification Code (UIC) for the Army Requiring Activity (the Army Requiring Activity is responsible for providing the contractor with its UIC for purposes of reporting this information);
11. Locations where contractor and sub-contractors perform the work (specified by zip code in the United States and nearest City, Country, when in an overseas location, using standardized nomenclature provided on website);
12. Presence of deployment or contingency contract language.
13. Number of contractor and sub-contractor employees deployed in theater this reporting period (by country).

SCOPE: Private sector performance of services supporting functions identified as the responsibility of the Secretary of the Army in 10 United States Code Section 3013 is included within the scope of reporting: recruiting; organizing; supplying; equipping (including research and development); training; servicing; mobilizing; demobilizing; administering (including the morale and welfare of personnel); maintaining; the repair of military equipment; the maintenance and repair of buildings and structures.

The contracted services corresponding to the above functions are included in the Procurement Coding Manual at

<http://www.dior.whs.mil/peidhome/guide/mn02/mn02.htm> and the Army data collection web site at <https://contractormanpower.army.pentagon.mil/> with federal service codes beginning with letters A through Z.

FSC DESCR
A-Research and Development
B-Special Studies
C-Architect & Engineering Services
D-Information Technology
F-Natural Resources & Conservation Services
G-Social Services
H-Quality Control, Testing & Inspection
J-Maintenance, Repair & Rebuilding of Equipment
K-Modification of Equipment
L-Technical Representative Services
M-Operation of Government-Owned Facilities
N-Installation of Equipment
P-Salvage Services
Q-Medical Services
R-Professional, Administrative & Management Support Services
S1-Utilities
S2-Housekeeping Services
T-Photographic, Mapping, Printing, & Publication Services
U-Educational & Training Services
V-Transportation, Travel & Relocation Services
W-Lease or Rental of Equipment
X-Lease or Rental of Facilities
Y-Construction of Structures & Facilities

The contracted services corresponding to the above functions are included in Defense Finance and Accounting Service 37-100-XX for element of resource (EOR) codes 23 through 25, and 32, where IO (EOR description of Within government/Outside Government Action Code) code is for private sector support.

21**- Travel and Transportation of Persons
22**- Transportation of Things
23**- Rents, Communications and Utilities
24**- Printing and Reproduction
25**- Contractual Services
251*-Consulting Services
252*- Information Technology Services/Processing
253*- Purchase of goods and services from U S Government Accounts
254*- Total Operation and Maintenance of Facilities
255*- Research and Development Contracts within Government
256*- Paraprofessional Medical Personnel Services
257*- Operation and Maintenance of Equipment
258*- Subsistence and support of Persons
25A*- Defense Working Capital Fund or Other Revolving Funds
25B*- Total Industrial Fund Purchases for Navy and Marine Corps
25C*- Total Industrial Fund Purchases for Air Force
25D*- Total Industrial Fund Purchases for Defense Agencies
25G*- Other Intra-Governmental (Non-Army) Purchase
25H*- Tactical Equipment Maintenance (Includes Ground and Aviation)
32** - Total Land and Structures (Environmental Restoration and Pollution Prevention, Architect and Engineering Services, and Design Contracts)

Updated 3 Oct 06
To reflect new POC phone numbers and replacement of XML format

The reporting requirement applies to all of the above functions, provided the organization that is receiving or benefiting from the contracted services is an Army organization. An Army organization has a Unit Identification Code included within the list of Major Commands or Operating Agencies. The identity of the Army organization supported by a contractor is the basis for determining whether or not there is a requirement to include the reporting requirement in the contract. (The reporting requirement does not apply to situations where an Army organization is merely a contracting agent for another executive agency.)

The source of funding (Navy, Air Force, OSD, etc.) or the identity of the contracting agent (e.g., FEDSIM or GSA) for the contracted services is irrelevant to a determination of whether or not the requirement is in support of the Army. Accordingly, some requirements for the Army subject to this reporting requirement may be funded by non-Army appropriations or reimbursable funding sources.

IMPLEMENTATION: The requiring activity shall include the language below in the statement of work. The contracting officer will provide a CLIN in Section B to allow for payment in compliance with this requirement.

“The Office of the Assistant Secretary of the Army (Manpower & Reserve Affairs) operates and maintains a secure Army data collection site where the contractor will report ALL contractor manpower (including subcontractor manpower) required for performance of this contract. The contractor is required to completely fill in all the information in the format using the following web address <https://contractormanpower.army.pentagon.mil>. The required information includes: (1) Contracting Office, Contracting Officer, Contracting Officer’s Technical Representative; (2) Contract number, including task and delivery order number; (3) Beginning and ending dates covered by reporting period; (4) Contractor name, address, phone number, e-mail address, identity of contractor employee entering data; (5) Estimated direct labor hours (including sub-contractor); (6) Estimated direct labor dollars paid this reporting period (including sub-contractor); (7) Total payments (including sub-contractor); (8) Predominant Federal Service Code (FSC) reflecting services provided by contractor (and separate predominant FSC for each sub-contractor if different); (9) Organizational title associated with the Unit Identification Code (UIC) for the Army Requiring Activity (the Army Requiring Activity is responsible for providing the contractor with its UIC for the purposes of reporting this information); (10) Locations where contractor and sub-contractors perform the work (specified by zip code in the United States and nearest City, Country, when in an overseas location, using standardized nomenclature provided on website); (12) Presence of deployment or contingency contract language, and, (13) Number of contractor and sub-contractor employees deployed in theater this

Updated 3 Oct 06

To reflect new POC phone numbers and replacement of XML format

reporting period (by country). As part of its submission, the contractor will also provide the estimated total cost (if any) incurred to comply with this reporting requirement. Reporting period will be the period of performance not to exceed 12 months ending September 30 of each government fiscal year and must be reported by 31 October of each calendar year.”

**Note: For in-theater contracts, requiring activities have the option of requiring more frequent reporting. Information from the secure web site is considered to be proprietary in nature when the contract number and contractor identity are associated with the direct labor hours and direct labor dollars. At no time will any data be released to the public with the contractor name and contract number associated with the data. For internal Army analysis, the reports and queries from the database shall not contain proprietary data. Contact Dr. John Anderson for any information requests.*

ENFORCEMENT: M&RA will compile and review an annual report comparing compliance with this reporting requirement by Major Command, which may be further broken out by Unit Identification Code. The metric for compliance will involve comparing total payments (dollars) reported by Major Command/Operating Agency/Contracting Activity/Organization against obligations (dollars) and/or disbursements by Major Command/Operating Agency/Contracting Activity/Organization, using the relevant financial accounting and procurement systems as sources for comparison. An organization's compliance with this requirement will be a factor considered in assessing that organization's justification of its current resources, or requests for additional resources in departmental decisions. G1, G3, and G8 will develop guidelines for using this compliance information as a factor in PPBS (Planning, Programming, and Budgeting System) determinations.

REQUIREMENTS VALIDATION: The information collected through this reporting requirement will be used as a basis for evaluating the credibility of related departmental requirements to separately program for contract support.

POINT OF CONTACT: The points of contact for this initiative are Dr. John Anderson at (703) 692-1924, John.Anderson@hqda.army.mil, and Ms. Eileen Ginsburg at (703) 695-9027, Eileen.Ginsburg@hqda.army.mil.